



XVIIth CONGRESS

OF THE

INTERNATIONAL CHAMBER OF COMMERCE

Washington Congress
Saturday 25.IV.1959, 9.30 a.m.
General Meeting

Document No. I67
(800-XVII-VI)
17.IV.1959 - mtp

THE EUROPEAN ECONOMIC COMMUNITY AND WORLD TRADE

NOT FOR PUBLICATION
before 9.30 a.m.
25th April

Address

by

Jean REY

Member of the Commission of the European Economic Community

I am here today as spokesman of the Commission of the European Economic Community, more familiarly known as the Common Market.

When our Commission heard that your Congress intended to discuss the problems of establishing common markets and free trade areas, it considered that the importance of the subject and of the assembly in which it was to be discussed justified the presence in Washington of a member of the Commission and, more especially, of the one responsible for the external affairs of the Community. It is in this capacity that I am addressing these brief words to you.

The creation of the European Common Market established by the Treaty of Rome of 25 March 1957 - like the creation of other common markets which may one day be organized in other regions of the world - is an event of very great importance which, we believe, may well bring about profound changes for the better in the economic development of the world.

You will not be surprised if I limit my remarks to the European Common Market, and I would like to talk to you very frankly of its successes and of its difficulties.

Let us begin with the successes. These are of three orders.

1.) All the institutions provided for by the Treaty of Rome have been set up and are functioning: the Assembly, the Council of Ministers, the Commission, the Court of Justice, the Economic and Social Committee, the European Investment Bank, the European Social Fund, the Aid and Development Fund for Overseas Territories, etc.

APRIL 19th - 25th 1959 • WASHINGTON, D. C., U. S. A.

.....

People are going about their tasks, the first decisions have come into force, the machinery is running quite normally.

2.) The execution of the Treaty on the internal plans is also going according to plan.

This involved both action of an automatic nature and policy decisions. The automatic first reduction of customs duties within the Community and first increase of quotas functioned perfectly on 1 January 1959.

Furthermore, all the policies which have to be built up in the setting of the Treaty (common commercial policy, common agricultural policy, social policy, development of regions, aid to overseas territories, etc.) are being worked out and first results have already been secured.

3.) Finally - and this is of fundamental importance - the private sector in the six countries is adapting itself with very great rapidity to the Common Market.

The federations of industries in the six countries have come together in groups comprising single industrial sectors or in wider groups. All those concerned are busy re-thinking the problems of their sectors or enterprises in relation to the new setting; it is no exaggeration to say that there is bustling activity in all sectors within the Common Market, and this is an auspicious omen for the drive and energy behind the whole undertaking.

Where do the present difficulties occur?

They are to be found essentially in the relations between the Common Market and the outside world.

Whether in international organizations such as GATT or OEEC, in European or non-European countries or in enterprises, everywhere the Common Market is regarded with mixed feelings compounded of respect for this vast undertaking and uneasiness over its possible repercussions on the position of this or that party.

This disquiet has made itself felt fairly generally throughout the world. It assumed an acute form within the OEEC in the discussions on the establishment of a free trade area, but was perhaps really no less lively during the discussions in GATT, at which attacks were launched against the technique of the Treaty of Rome and the consequences of the association of the overseas territories with the European countries of the Community.

It is on this latter point that I should like to submit certain ideas to this meeting:

1.) As our Commission stated in the memorandum on the subject of the problems of the European Economic Association handed to the Governments of the Member States of the Community on 1 March, we are fully conscious of the fact that the establishment of the European Economic Community could cause some dislocation of the existing pattern of trade.

We are absolutely convinced that the undertaking itself will be a source of great economic energy and consequently of genuine benefit to the world at large, but it is possible, on the other hand, that in their early stages common markets may create certain problems for other states in Europe or elsewhere.

We are resolved to search for practical remedies to these problems. It is for this reason that we have, in the setting of GATT, instituted consultations with the countries concerned; for the same reason we have, in our memorandum of 1 March, proposed appropriate procedures to the other European States.

2.) Generally speaking, the Commission of the Common Market is fully resolved to pursue a policy of broad and liberal cooperation. The Commission has proposed to the Council of Ministers of the Community that, as a first step, the Council give its adhesion in principle to the proposal introduced in GATT on behalf of the Government of the United States by the Under-Secretary of State, Mr. Dillon, and the Commission warmly hopes that the Community will be able to play an efficacious role in a world policy of progressive liberalization of trade.

3.) On the European plane, our Commission has pronounced in favour of the establishment of a European Economic Association, and it firmly believes that this aim will be achieved.

But the Commission considers that patience will be necessary to resolve the political and technical problems which make it impossible to find immediately a formula for final agreement.

Last year the seventeen governments made a bold attempt to solve the whole problem within OEEC. There was no lack of good will among the participants in those negotiations. Why should we hesitate to pay tribute here to that of the Paymaster-General, Sir Reginald Maudling, Chairman of the Intergovernmental Committee, and of Professor Mueller-Armack, who was more especially the spokesman of the Six in the discussions?

Our Commission, having drawn the lessons from the breaking off of these negotiations, has thought it preferable to approach the problem this time in a more modest but perhaps more realistic manner. It has proposed the introduction of a provisional arrangement between the States of the Community and their European partners, and that the breathing-space thus acquired be used to seek the bases of a more lasting solution.

It is not surprising that this attitude should have seemed disappointing to some people, but the near future will show whether it is not in reality the wisest and most practical.

The Commission is engaged with the governments of the Member States in a re-examination of the problem within a special Committee over which I am to preside, and which will begin its work next week. We will therefore soon know what the possibilities are for further action by the Community.

I think it is useful to make clear that our Commission believes that while a broadly liberal policy is the essential condition of economic expansion in Europe and elsewhere, the idea of a free trade area itself needs to be studied and defined in the light of the profound changes which distinguish the economic concepts of the free world in the 20th century from those of the previous century.

I do not think that there is today anybody - and it seems to me advisable to say so in this forum - who is prepared to accept free trade pure and simple without a care for the internal economic balance of the States or Communities concerned.

